



Business Results for 1Q Fiscal Year September 2016

February 9, 2016

SEPTENI HOLDINGS CO., LTD.
www.septeni-holdings.co.jp/en/
Securities Code: 4293

- | 1 . Quarterly Consolidated Earnings Overview
- | 2 . Internet Marketing Business
- | 3 . Media Content Business
- | 4 . Earnings Estimates
- | 5 . Appendix

- From FY9/16, we have applied the IFRS in place of the Japanese standards, and we present the results for FY9/15 by rearranging them on the basis of IFRS.
- We voluntarily disclose “net sales” in the past as reference information and disclose “revenue” as an indicator based on the IFRS. For revenue in Advertising Agency Sales, which make up most of the Internet Marketing Business, only the margin portion is posted as a net amount.
- To appropriately express the actual condition of business, we voluntarily disclose “Non-GAAP operating income.” Non-GAAP operating income is a profit indicator of constant business performance determined by adjusting temporary factors, such as the amortization of intangible assets that are recognized at the time of acquiring a subsidiary, impairment losses and gains or losses on the sales of fixed assets from the IFRS-based operating income.
- The numbers in this material are rounded to the nearest unit.

1 . Quarterly Consolidated Earnings Overview

Consolidated results

Revenue **¥3,940_{mn}** (Up **23.6%** year on year)

Non-GAAP Operating income **¥958_{mn}** (Up **92.5%** year on year)

Revenue reached **a new record high[※]**, and the income growth rate also rose.

Internet Marketing Business

Revenue **¥3,245_{mn}** (Up **34.0%** year on year)

Non-GAAP Operating income **¥1,258_{mn}** (Up **73.5%** year on year)

Business expansion and an improvement in profitability continued.

Media Content Business

Revenue **¥116_{mn}** (**3.5times** year on year)

Non-GAAP Operating income **¥-194_{mn}** (Down **¥69_{mn}** year on year)

Prior investment in Manga Content Business continued.

*Prior to FY9/14, comparison was made by calculating the numbers equivalent to those in the Japanese standards.

Consolidated Income Statement (Oct-Dec)

High growth continued, driven by the Internet Marketing Business.

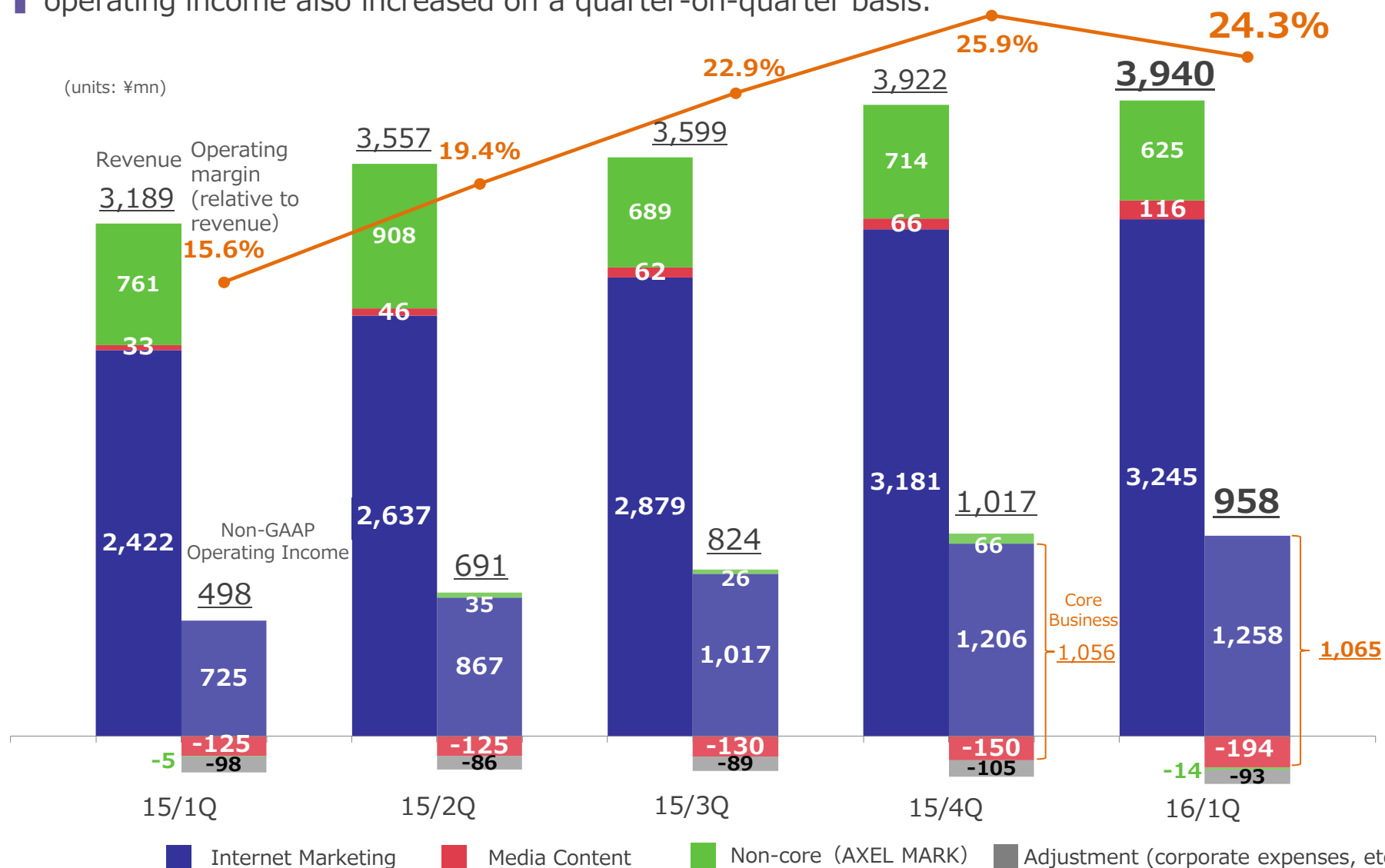
Non-GAAP operating income reached **a new record high**^{*} for 1Q, and the income margin also rose.

Profit for the period attributable to owners of parent declined in reaction to profits associated with the sale of the Direct Marketing Business in the same period of the previous year.

(units : ¥mn)	1Q FY9/16			1Q FY9/15		1Q FY9/16 Estimate
	Value	Share	YY Change	Value	Share	
Revenue	3,940	100.0%	+23.6%	3,189	100.0%	3,900
Gross Income	3,230	82.0%	+30.2%	2,480	77.8%	—
SG&A	2,281	57.9%	+14.7%	1,988	62.4%	—
Non-GAAP Operating Income	958	24.3%	+92.5%	498	15.6%	800
Operating Income	952	24.2%	+91.9%	496	15.6%	—
Profit for the period from continuing operations	625	15.9%	+72.1%	363	11.4%	—
Profit for the period attributable to owners of the parent	633	16.1%	−39.1%	1,039	32.6%	500
【Reference】 Net Sales	17,885	—	+27.5%	14,026	—	17,600

*Prior to FY9/14, comparison was made by calculating the numbers equivalent to those in the Japanese standards.

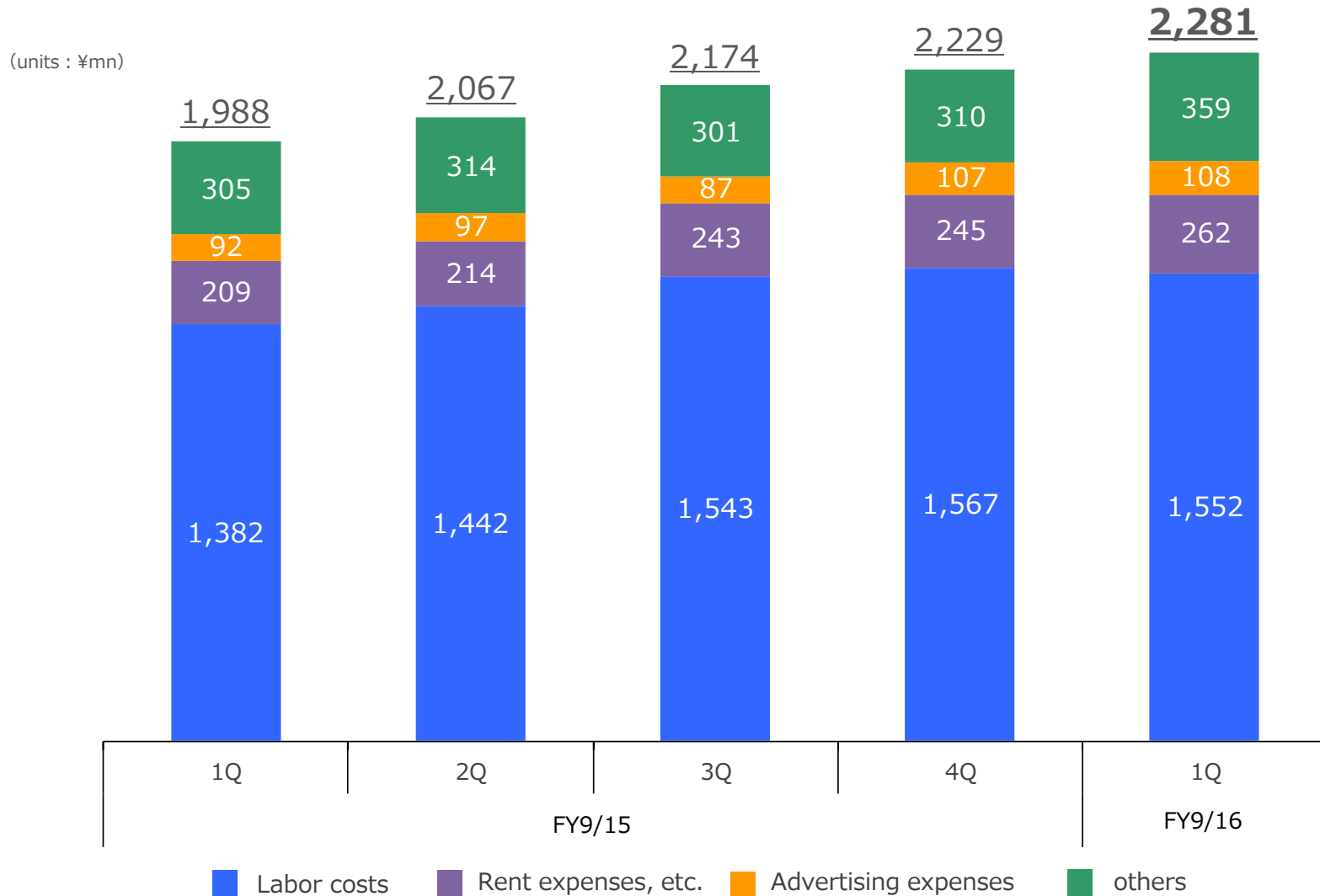
In the core businesses (Internet Marketing + Media Content), Non-GAAP operating income also increased on a quarter-on-quarter basis.



*The statement of intersegment revenue elimination is omitted, so the sum of revenues in each business does not match consolidated revenue (underlined numbers).

Quarterly Consolidated SG&A Trend

SG&A increased ¥293mn year on year, mainly in labor costs.



*The booking rules have changed by transferring some of the labor costs in the Internet Marketing Business to costs and terminating the amortization of goodwill as a result of applying the IFRS (numbers are presented by rearranging them after 1Q FY9/15).

2 . Internet Marketing Business

Both revenue and Non-GAAP operating income reached **a new record high**.[※]

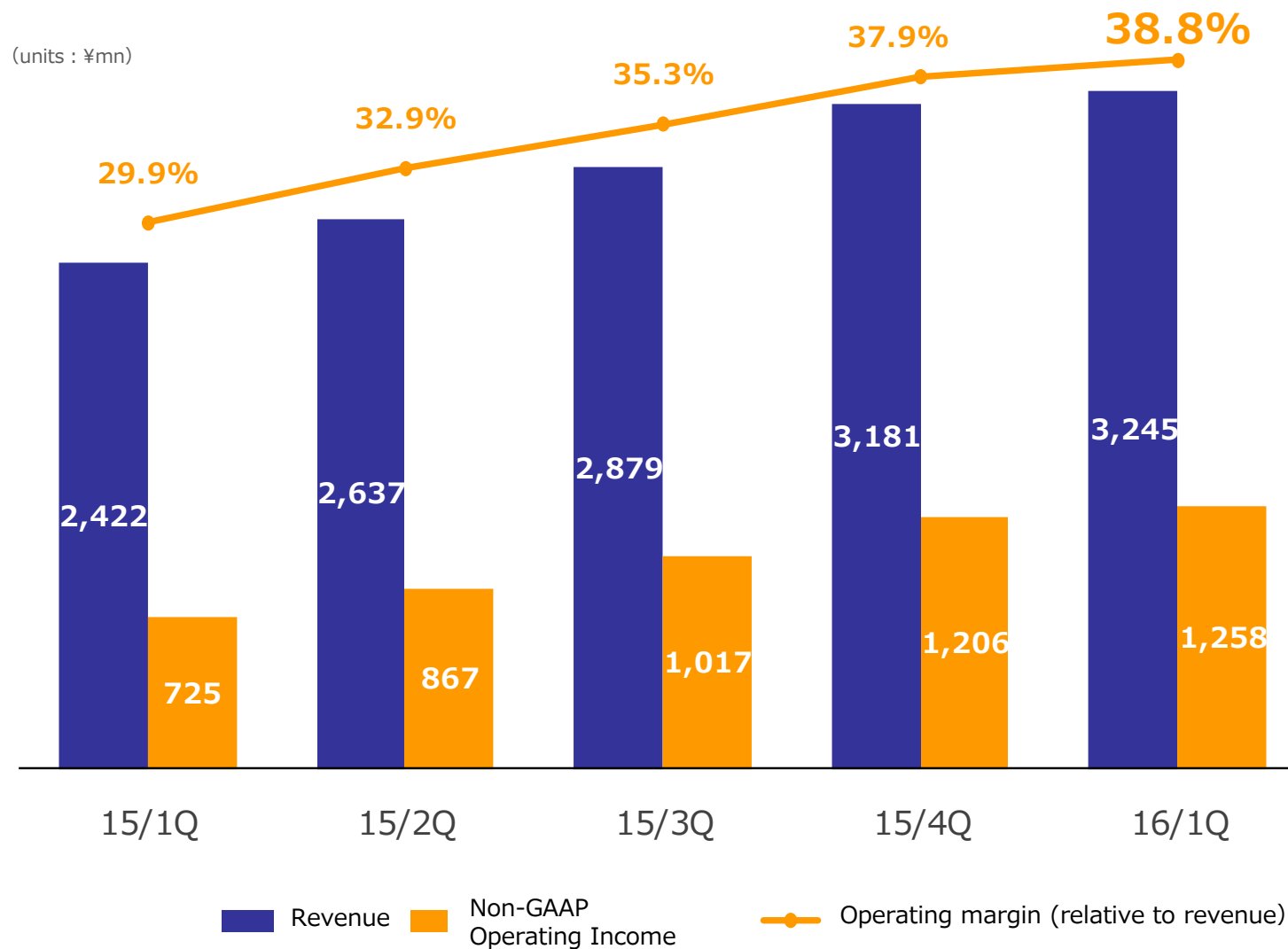
Revenue (net amount) achieved high growth due to an improvement in margin.

Volumes of smartphone advertising expanded, with the share exceeding **70%**.

(units : ¥mn)	1Q FY9/16			1Q FY9/15		1Q FY9/16 Estimate
	Value	Share	YY Change	Value	Share	
Revenue	3,245	100.0%	+34.0%	2,422	100.0%	3,108
Gross Income	2,980	91.9%	+32.8%	2,245	92.7%	—
SG&A	1,730	53.3%	+13.8%	1,521	62.8%	—
Non-GAAP Operating Income	1,258	38.8%	+73.5%	725	29.9%	1,118
【Reference】 Net Sales	17,242	—	+29.6%	13,300	—	

*Prior to FY9/14, comparison was made by calculating the numbers equivalent to those in the Japanese standards.

Revenue and income increased on a quarter-on-quarter basis as well.

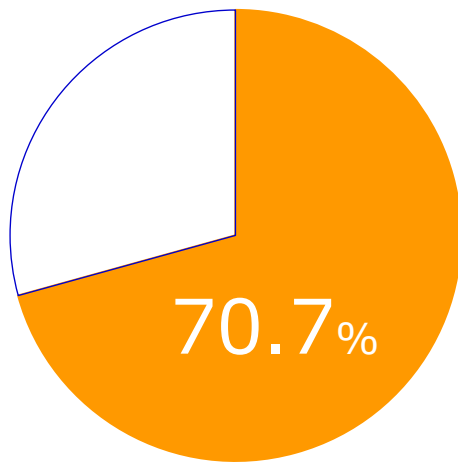


Mobile

(Volumes of smartphone advertising)

¥12.2bn

(YonY + **63%**)



(units : ¥100mn)

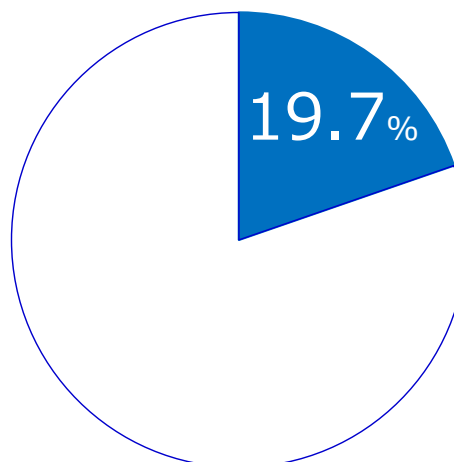
15/1Q	15/2Q	15/3Q	15/4Q	16/1Q
75	85	105	121	122

Social

(Sum of volumes for Facebook,
Twitter, LINE and Instagram)

¥3.4bn

(YonY + **48%**)



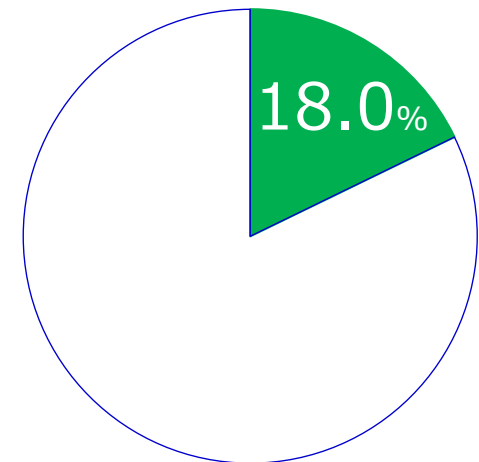
15/1Q	15/2Q	15/3Q	15/4Q	16/1Q
23.0	23.4	30.5	35.5	34.0

Global

(Sum of volumes for overseas customers
and volumes of distribution of domestic
customers for overseas)

¥3.1bn

(YonY + **74%**)



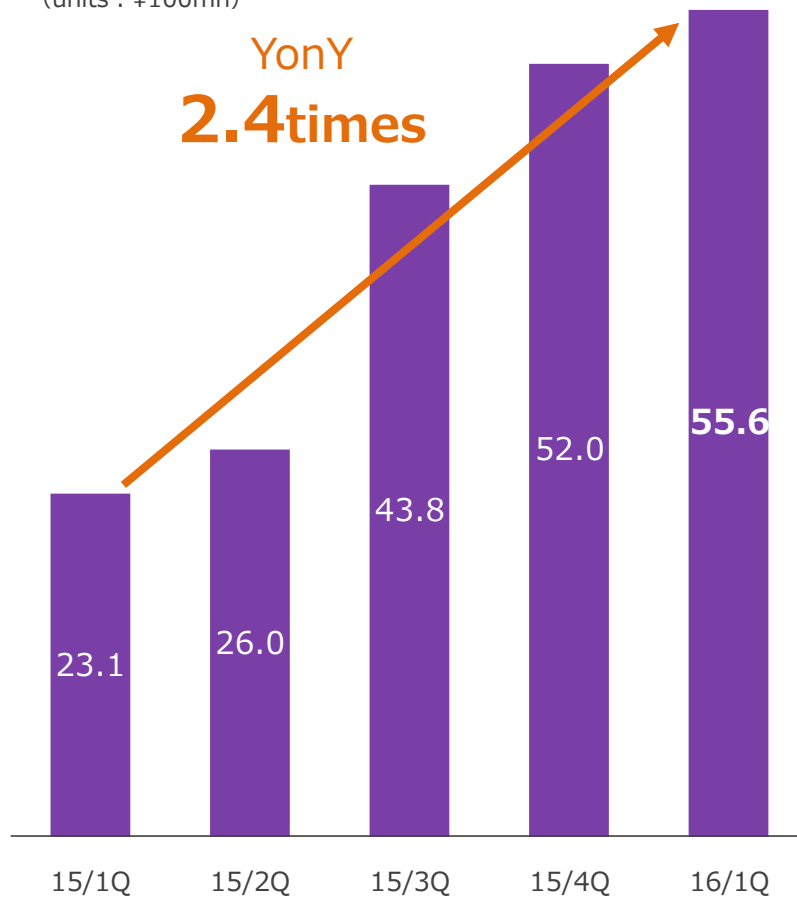
15/1Q	15/2Q	15/3Q	15/4Q	16/1Q
17.9	14.3	28.2	34.5	31.1

*1. The numbers in the pie chart show the percentage of ¥17.2bn, the overall business sales (volumes).

*2. The volumes in each area include an overlapped portion.

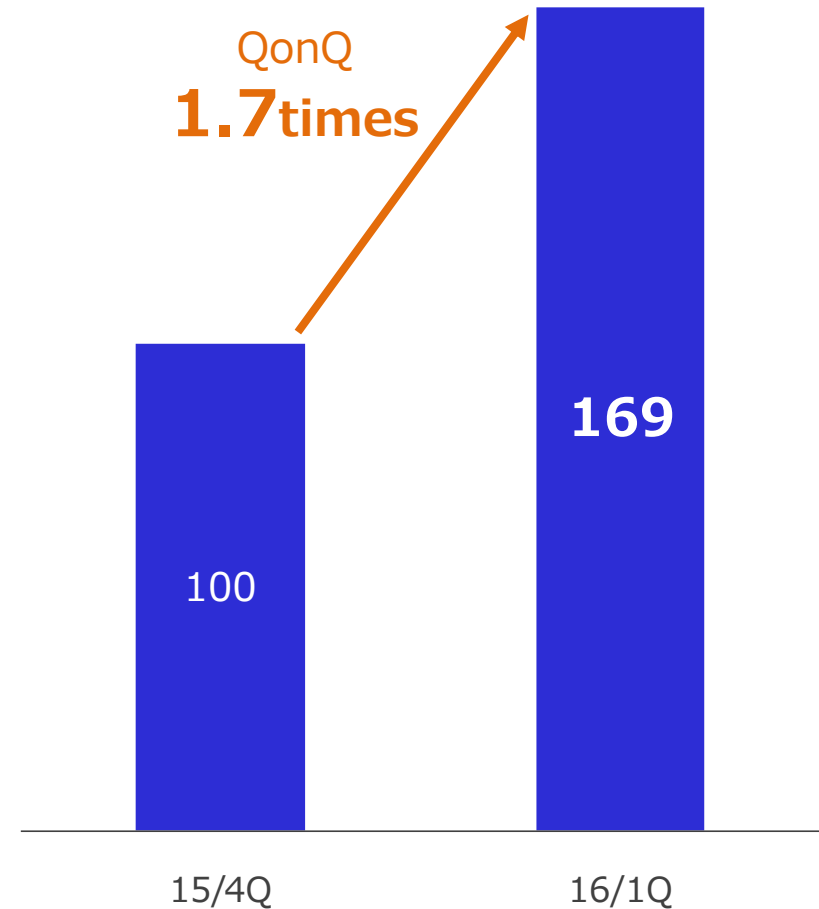
Volumes related Application

(units : ¥100mn)



Video advertising

※Volumes in 4Q/2015=100



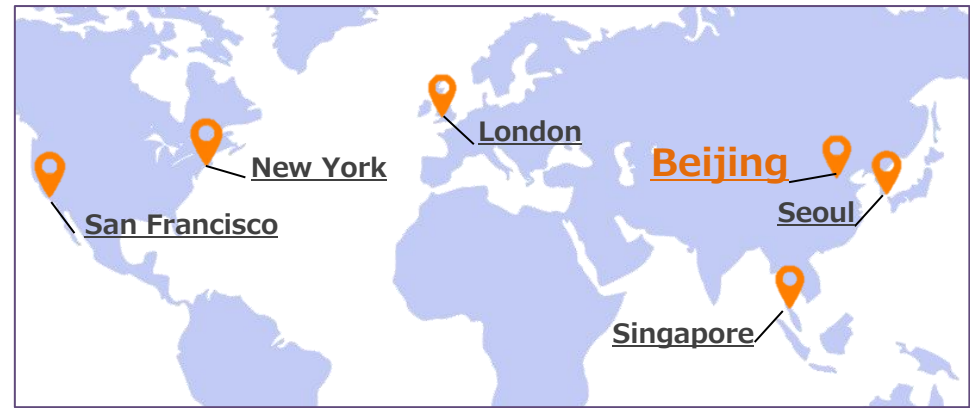
Social

In-feed advertising of Instagram and LINE began to be handled in earnest.



Global

Established a local subsidiary in Beijing as the sixth overseas sales base (commenced business in January 2016).



Video advertising

Entered into a capital and business collaboration agreement with 3Minute, one of Japan's largest video media agents, to strengthen the video advertising segment.

3MINUTE

MAKE AN IMPACT to the WORLD in 3minute.

3 . Media Content Business

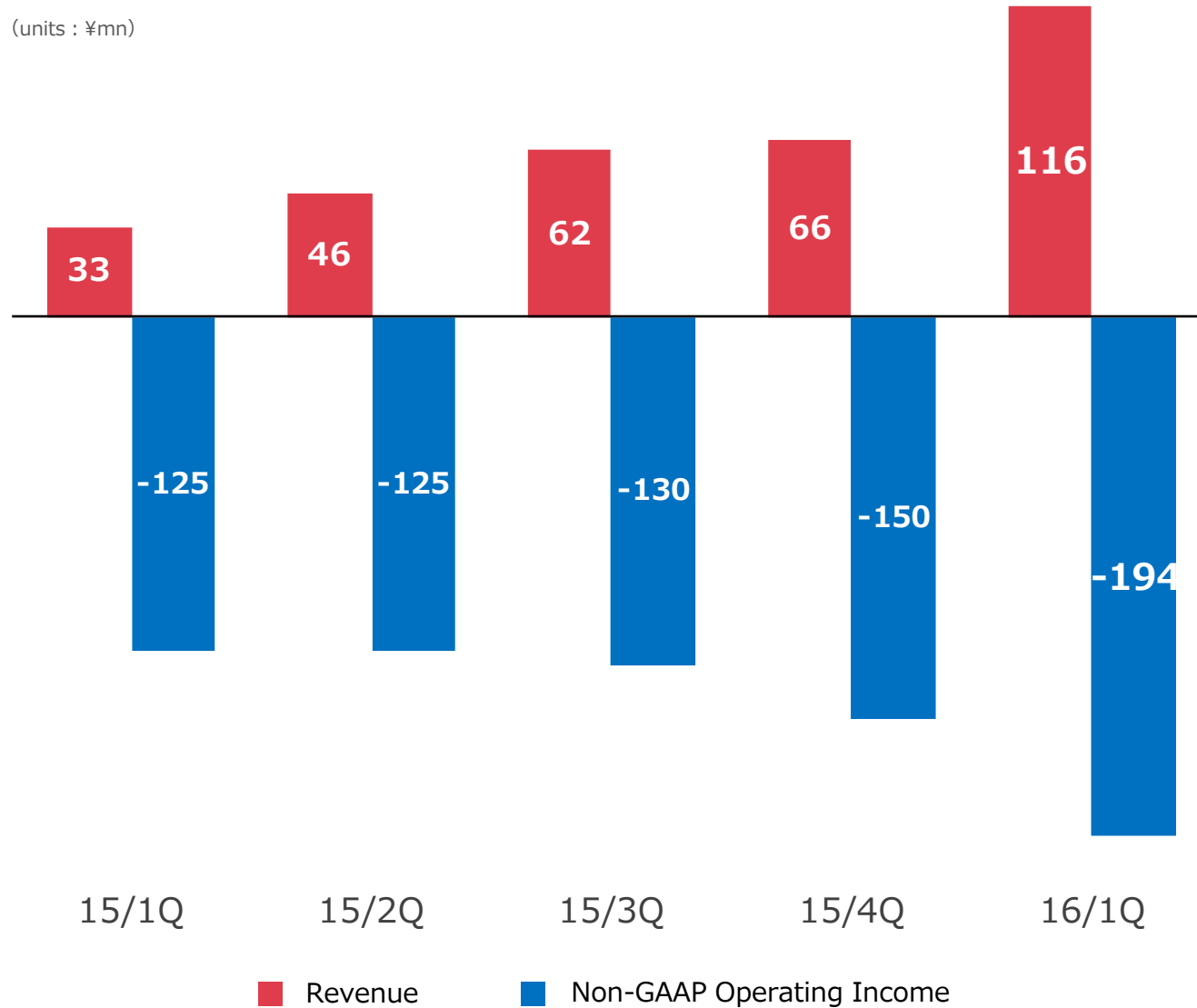
In the Manga Content Business, revenue increased due to the commercialization of own intellectual property and advertising sales. Activated prior investment resulted in an increased deficit.

From 1Q FY9/16, the Medical Platform Business has begun to be newly consolidated.

(units : ¥mn)	1Q FY9/16			FY9/15		1Q FY9/16 Estimate
	Value	Share	YY Change	Value	Share	
Revenue	116	100.0%	+ 249.9%	33	100.0%	139
Gross Income	39	33.8%	+461.8%	7	21.1%	—
SG&A	233	200.5%	+ 77.6%	131	395.1%	—
Non-GAAP Operating Income	− 194	— 166.3%	(− 69)	− 125	− 374.6%	− 165

Prior investment for future profitability expanded.

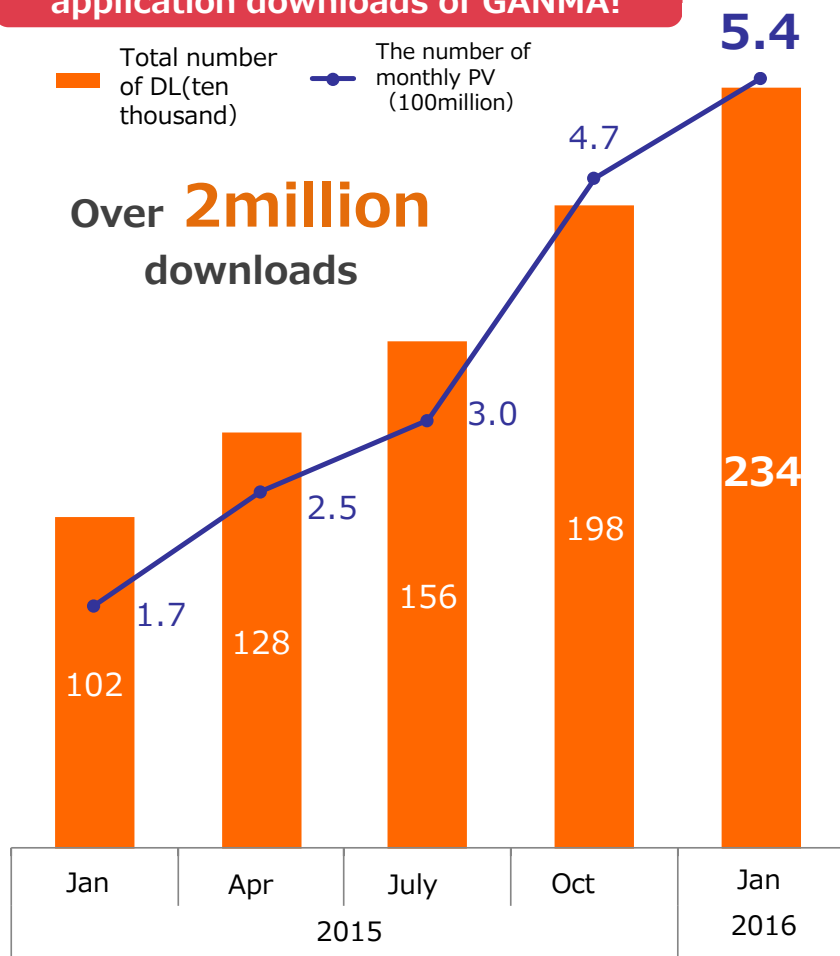
(units : ¥mn)



Actively promoted the commercialization of our own IP.
In 1Q, a total of **9** works were published as books, including **"Otome Tetsugaku"**
and **"EXTREME SUMMER SHOOTER'S!"**

Sales of native advertising in the application **"GANMA! AD"** grows steadily.

Monthly page views and accumulated application downloads of GANMA!



As a new business born from intrapreneurship, platform-type businesses related to “recruitment,” “social contribution” and “medical services” are developed.



4 . Earnings Estimates

2 Q FY9/16 Consolidated Earnings Estimates

The Internet Marketing Business continues to be steady and is expected to enjoy higher revenue and income.

The Media Content Business is expected to see higher revenue as various new businesses will make a contribution.

As the high level of prior investment continues, the deficit is likely to increase year on year.

Non-core Business is expected to decrease revenue and deteriorate income.

(units : ¥mn)							Expected Growth Rate (1H)
	Earnings in 1Q FY9/15	Earnings in 2Q FY9/15	Earnings in 1H FY9/15	Earnings in 1Q FY9/16	Earnings Estimates for 2Q FY9/16	Earnings Estimates for 1H FY9/16	
Revenue	3,189	3,557	6,745	3,940	4,200	8,140	+20.7%
Non-GAAP Operating Income	498	691	1,189	958	1,000	1,958	+64.7%
Profit for the period attributable to owners of the parent	1,039	473	1,513	633	650	1,283	-15.2%
[Reference] Net Sales	14,026	15,496	29,522	17,885	19,800	37,685	+27.7%

2Q(Jan-Mar) FY9/16 Earnings Estimates by Business Segment

(units : ¥mn)

	Revenue			Non-GAAP Operating Income		
	Earnings in 2Q FY9/15	Earnings Estimates for 2Q FY9/16	YY Change	Earnings in 2Q FY9/15	Earnings Estimates for 2Q FY9/16	YY Change
Internet Marketing Business	2,637	3,497	+32.6%	867	1,398	+61.2%
Media Content Business	46	134	+193.2%	△125	△ 179	(-54)
Total of Core Business	2,683	3,632	+35.4%	742	1,219	+64.3%
Non-core Business (AXEL MARK)	908	591	-34.9%	35	△119	(-154)
Elimination or corporate	△33	△23	(+11)	△86	△100	(-14)
Total	3,557	4,200	+18.1%	691	1,000	+44.7%

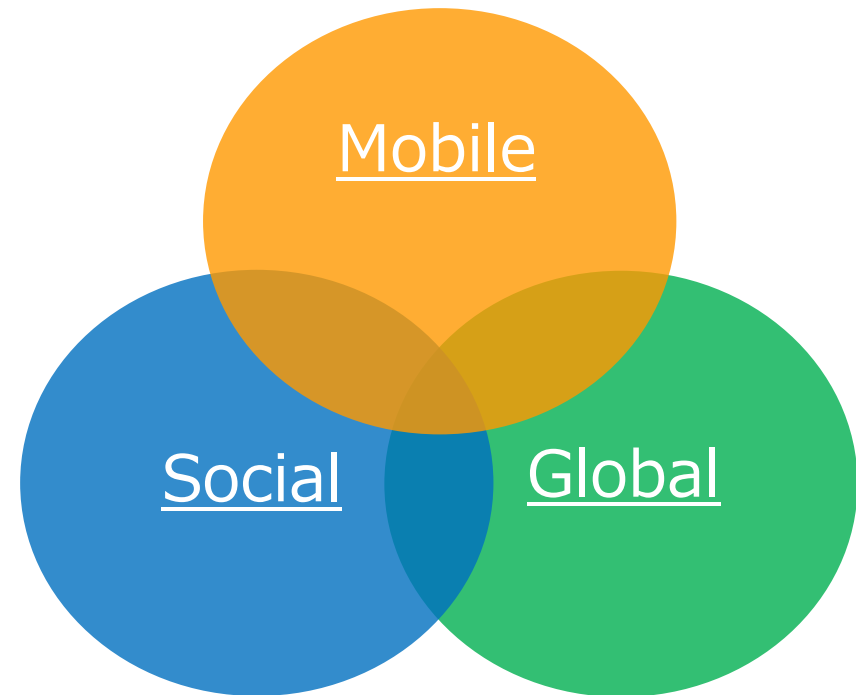
Concept

“Double profits”

Increase the share of highly profitable businesses

Create a mainstay business second to advertising

Business Focus



Thank you for your interest!

Contact Information

SEPTENI HOLDINGS CO., LTD.

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Corporate Planning, IR Division

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All estimates, opinions and plans provided in this document are based on the best information available at the time of the creation of this document on February 9, 2016 and we do not guarantee their accuracy. Therefore our actual results may differ due to various unforeseen risk factors and changes in global economies.

6 . Appendix

As of December 31, 2015

Company Name	SEPTENI HOLDINGS CO., LTD.
Representative	President and Representative Director Koki Sato
Headquarters	Sumitomo Fudosan Shinjuku Grand Tower, 8-17-1 Nishishinjuku, Shinjuku-ku, Tokyo
Securities Code	4293 (JASDAQ)
Business Realm	The holding company for a group of companies conducting primarily Internet-related and other businesses
Established	October 29, 1990
Capitalization	¥2,073 million
Shares Issued	27,704,400 shares (Including 1,784,727 treasury shares)
Consolidated Workforce	848 full time employees, 1022 full time and contracted employees

Holding Company

SEPTENI HOLDINGS CO., LTD

February 9, 2016

Internet Marketing Business

SEPTENI CO., LTD	Internet ad agency/Providing assistance for overall promotions on internet	Septeni America, Inc.	Internet marketing business for North America region
MANGO Inc.	SEM Operation Business	Septeni Europe Co.,Ltd	Internet marketing business for Europe region
Vasara Inc.	Internet ad agency	SEPTENI China Limited	Internet marketing business for China
HighScore, Inc.	Social Media Marketing Support Business	SEPTENI TECHNOLOGY CO., LTD.	Web service development
EAGLE i Co., Ltd.	Advertising Network Business	JNJ INTERACTIVE INC.	Internet ad agency in South Korea
Septeni Original,Inc.	Planning and developing its own services	SETPENI CROSSGATE CO., LTD.	Ad Network and Platform Business
Septeni Asia Pacific Pte. Ltd.	Internet ad agency in Asia and Pacific Ocean region	Tricorn Corporation	CRM Service Business

Media Content Business

COMICSMART INC.	Manga Content Business	gooddo, Inc.	Platform business of social contribution
ViViVit Inc.	Recruitment platform business	Pharmarket, Inc.	Medical platform business

New Business Development

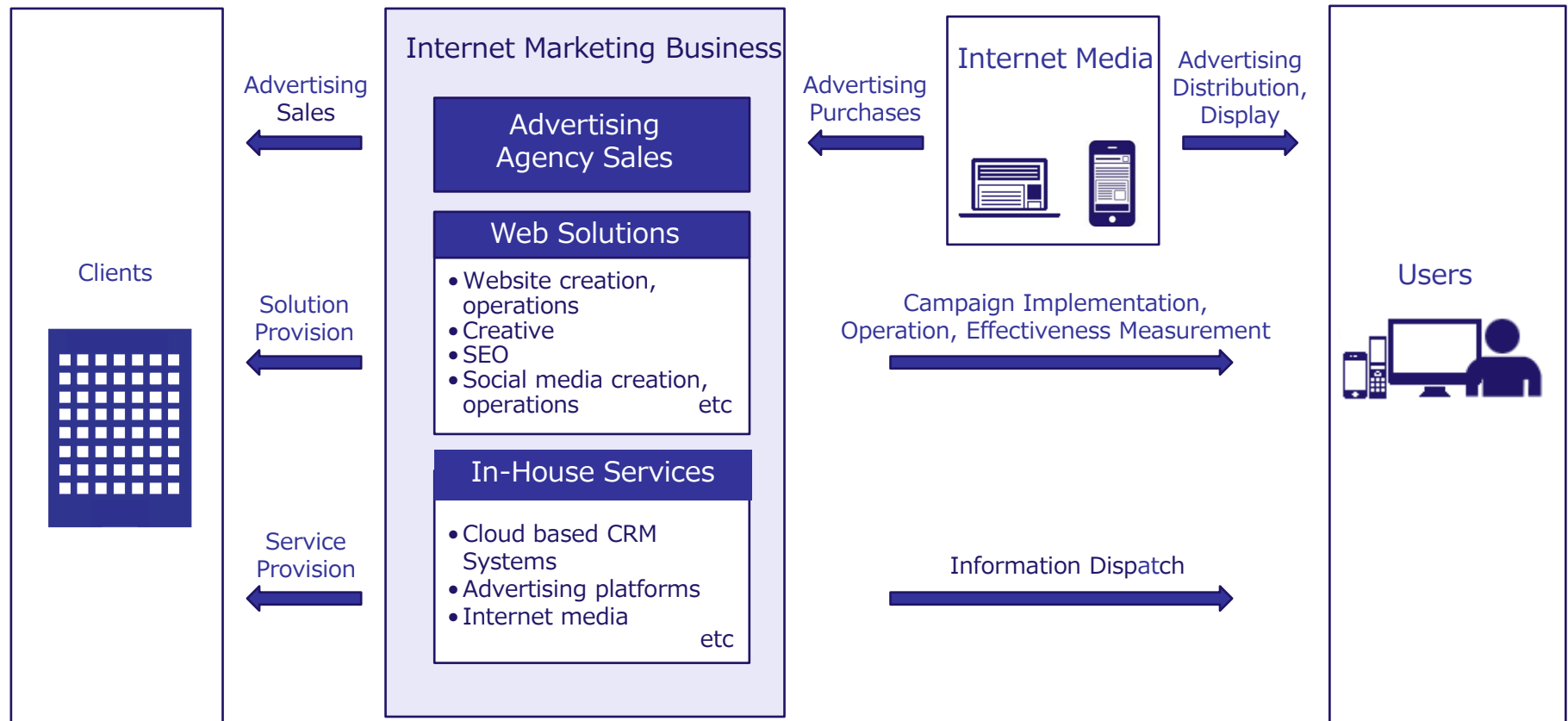
SEPTENI VENTURES Co., Ltd.

Non-Core Business

AXEL MARK INC.

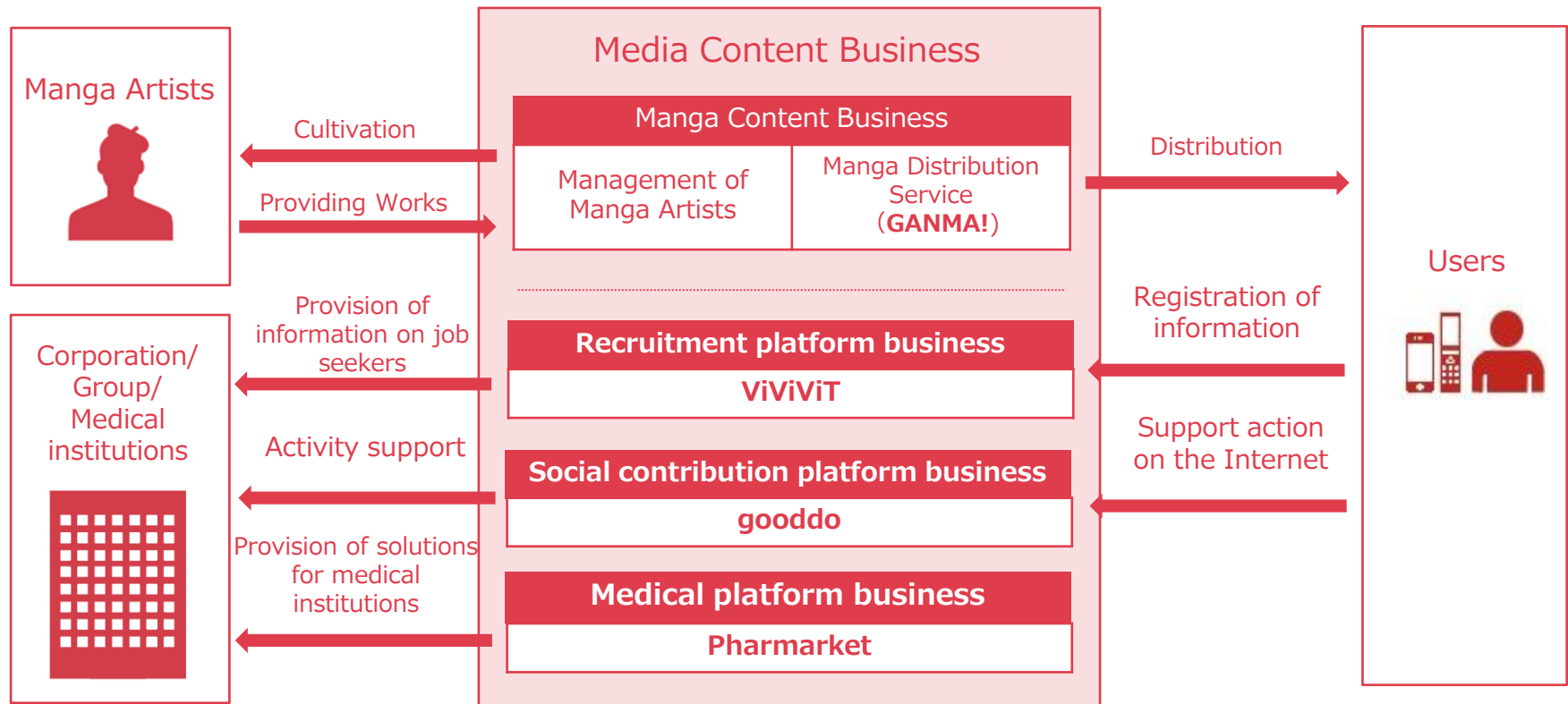
Mobile Game Business

Comprehensive **Marketing Support Services** for corporations leveraging the Internet. Internet advertising sales and provision of various web solutions, We will **provide In-House Services** such as marketing platforms including an ad network and cloud-based CRM services.



The Manga Content Business engages in the cultivation and production of Manga artists and the Manga distribution service for the purpose of **planning and developing our own intellectual property (IP)**.

In addition, the business develops platform-type businesses related to “recruitment,” “social contribution” and “medical services” as a new business born from intrapreneurship.



Consolidated Statement of Financial Position

(units : ¥mn)

	End 1Q FY9/16	End FY9/15	Change	Main Changes
Current Assets	22,525	22,275	+ 250	Cash and cash equivalents: + 53 Operating receivables: +85
Non-current Assets	3,689	3,360	+ 329	Investment securities: + 344
Total Assets	26,213	25,635	+578	
Current Liabilities	12,958	13,097	− 139	Operating debt: + 238 Corporate income taxes payable: -398
Non-current Liabilities	193	247	− 54	
Total Liabilities	13,150	13,343	− 193	
Total Capital	13,063	12,292	+ 771	Retained earnings: + 359 Other items of owner's equity: +222
Total Liabilities and Capital	26,213	25,635	+ 578	

Consolidated Statement of Cash Flows

(units : ¥mn)	1Q FY9/16 (Oct-Dec)	Main Changes	1Q FY9/15 (Oct-Dec)
Cash Flows from Operating Activities	129	Profit for the period from continuing operations: +982 Increase in operating receivables: △85 Payment of corporate income tax: △691	△150
Cash Flows from Investing Activities	△30	Sales of securities: +159 Purchase of securities: △130 Purchase of non-current assets: △71	1,263
Cash Flows from Financing Activities	△55	Increase (decrease) in loans payable: +65 Cash dividends paid: △363 Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control: +235	85
Effect of Exchange Rate Changes on Cash and Cash Equivalents	8		44
Net Increase (Decrease) in Cash and Equivalents	53		1,242
Cash and Equivalents at Term End	11,747		9,930

SEPTENI Group Workforce Number Trend

